BEGIN- DECEMBER 17, 1960

30.24- 13635

A21

AMS BUDGET (500)
NIGHT LEAD NATO
BY TOM OCHILTREE

PARIS, DEC. 17 (AP)-PROSPEROUS WEST GERMANY CALLED TODAY FOR A NATO SUMMIT CONFERENCE IN THE SPRING TO SORT OUT A GROWING TANGLE OF ALLIANCE PROBLEMS LARGELY RESULTING FROM AMERICA'S DOLLAR DRAIN.

DEFENSE MINISTER FRANZ JOSEF STRAUSS UNEXPECTEDLY TOSSED THIS PROPOSAL INTO THE NORTH ATLANTIC TREATY ORGANIZATION'S MINISTERIAL MEETING WRESTLING NOW WITH FINANCIAL PROBLEMS AND THE THREAT OF RUSSIA'S GROWING NUCLEAR MIGHT.

HIS SUGGESTION WOULD GIVE OTHER WESTERN CHIEFS OF GOVERNMENT A CHANCE TO CONFER WITH JOHN F. KENNEDY AFTER THE NEW AMERICAN PRESIDENT HAS ASSUMED OFFICE AND GOT HIS ADMINISTRATION RUNNING.

THE PROPOSAL WAS WARMLY SUPPORTED BY CANADA AND GREECE. THE U.S. DELEGATION, REPRESENTING THE OUTGOING EISENHOWER ADMINISTRATION. DECLINED TO COMMIT ITSELF.

[illegible] THE AMERICAN REPRESENTATIVE IN ANY EVENT CANNOT BIND KENNEDY, WHOSE PROSPECTIVE SECRETARY OF STATE, DEAN RUSK, IS KNOWN TO TAKE A DIM VIEW OF SUMMIT DIPLOMACY BECAUSE IT KEEPS THE PRESIDENT FROM OTHER PRESSING BUSINESS.

THE SUBJECT WAS REFERRED TO THE FINAL MEETING TOMORROW FOR MANY OF THE MINISTERS THE PROJECT HAS THIS BASIC APPEAL: THE HEADS OF THEIR GOVERNMENTS COULD MEET FACE-TO-FACE WITH KENNEDY AND LEARN HOW HE WANTS THE WEST TO COUNTER THE THREAT OF RUSSIA'S GROWING MIGHT.

STRAUSS' MOVE CAME AFTER A SPOKESMAN FOR THE OUTGOING EISENHOWER ADMINISTRATION STRESSED THAT SOME OF THE FINANCIAL BURDEN OF THE COMMON DEFENSE MUST BE LIFTED FROM THE SHOULDERS OF THE UNITED STATES.

DEFENSE SECRETARY THOMAS S. GATES, JR., CALLED A HALT TO FREE DISTRIBUTION OF U.S. MILITARY EQUIPMENT TO BRITAIN, FRANCE, WEST GERMANY AND LUXEMBOURG. THIS AMOUNTED TO $30 MILLION A YEAR FOR BRITAIN AND LESS THAN THAT FOR THE OTHERS.

GATES REPEATED WARNINGS OF SECRETARY OF STATE CHRISTIAN A.HERTER THAT THE DOLLAR MUST BE PROTECTED AND URGED WEALTHIER WESTERN EUROPEAN NATIONS TO BUY ARMS FROM AMERICAN PRODUCTION LINES.

GATES POINTED OUT THAT THE FUTURE DEFENSE OF THE ATLANTIC ALLIANCE DEPENDS IN CONSIDERABLE MEASURE ON EXPANDING AMERICAN "MILITARY SPACE AND SCIENTIFIC PROGRAMS" WHICH ARE COSTING TREMENDOUS SUMS OF MONEY.

HE ADDED THAT THE UNITED STATES, THEREFORE, IS UNABLE "TO CONTINUE INDEFINITELY TO PROVIDE MILITARY EQUIPMENT ON A GRANT BASIS" TO THOSE MEMBERS OF THE ALLIANCE NOW WELL ENOUGH OFF TO BUY THEIR OWN ARMS.

THE UNITED STATES ALREADY HAS PUT FORWARD A PROPOSAL TO GIVE NATO ITS OWN NUCLEAR STRIKING FORCE, BASED ON 180 POLARIS MISSILES COSTING A MILLION DOLLARS EACH.

THESE MISSILES WOULD BE DEPLOYED IN FIVE NUCLEAR SUBMARINES ASSIGNED BY THE UNITED STATES AND ABOARD AN UNSPECIFIED NUMBER OF SURFACE SHIPSS. OTHER MEMBERS OF THE ALLIANCE WOULD HAVE TO PUT UP A LARGE SUM OF MONEY TO FINANCE THIS SYSTEM.

ONCE ON THE SEAS, THESE MISSILES WOULD MORE THAN MAKE UP IN STRIKING POWER FOR ANY PULLOUT OF UNITED STATES TROOPS IN EUROPE CAUSED BY THE DWINDLING OF UNITED STATES GOLD AND DOLLAR RESERVES.

IN PROPOSING A CONFERENCE OF WESTERN GOVERNMENT CHIEFS, STRAUSS IN A SENSE WAS FOLLOWING AN APPEAL PROCEDURE. WEST GERMANY, WITH A BULGING FOREIGN EXCHANGE SURPLUS, FACES DEMANDS THAT SHE ASSUME A GREATER SHARE OF NATO DEFENSE COSTS. THESE DEMANDS COME NOT ONLY FROM THE UNITED STATES BUT FROM OTHER MEMBERS OF THE ALLIANCE.

BRIEFING OFFICERS TOLD CORRESPONDENTS ABOUT THE DISCUSSIONS, CONDUCTED BEHIND LOCKED DOORS BY FOREIGN, DEFENSE AND FINANCE MINISTERS OF THE 15 NATO NATIONS.

THE MINISTERS HEARD A DISQUIETING ASSESSMENT OF SOVIET MILITARY STRENGTH BY FRENCH GEN. ANDRE BEAUFFRE, CHAIRMAN OF THE MILITARY STANDING GROUP WHICH SHAPES NATO MILITARY POLICY. THE GIST OF THIS INTELLIGENCE ASSESSMENT WAS THAT PREMIER KHRUSHCHEV NOW IS ABLE TO PUT MASSIVE NUCLEAR STRENGTH AROUND THE BORDERS OF THE SOVIET UNION WHILE HIS ARMY HAS BEEN MADE MORE MOBILE BY MODERNIZED EQUIPMENT.

IN THIS LIGHT, THE MINISTERS TRIED TO DECIDE HOW BEST THEY COULD WORK OUT A LONG RANGE PLAN FOR THE ALLIANCE IN A WORLD WHERE WEAPONS SYSTEMS ARE BECOMING ASTRONOMICALLY EXPENSIVE.

WD121PES

A126

WITH PARIS NATO (150)

LONDON, DEC. 17 (AP)-MOSCOW RADIO CHARGED TONIGHT THE NATO FOREIGN MINISTERS MEETING IN PARIS "ARE CONSIDERING A BROAD PROGRAM TO STIMULATE WORLD TENSION AND UNDERMINE PEACE."

A RUSSIAN COMMENTARY DECLARED THAT IF A NATO NUCLEAR FORCE STARTS A WAR "AT WASHINGTON'S ORDERS, THE WEST EUROPEAN COUNTRIES WILL INEVITABLY COME UNDER ATTACK."

THE BROADCAST ADDED:

"THERE IS STILL ANOTHER DANGER: THE WEST GERMAN MILITARISTS WILL ACQUIRE U.S. NUCLEAR WEAPONS. THE REVENGE-MONGERS IN FEDERAL GERMANY HAVE LONG ASPIRED TO TOP POSITIONS IN NATO AND UNDOUBTEDLY THEY WILL RULE THE FOURTH NUCLEAR POWER. THE ONLY REASON BONN WANTS U.S. MISSILES IS TO USE THEM FOR A WAR OF REVENGE."

THE MOSCOW COMMENTATOR SAID AMERICA UNDOUBTEDLY WILL DO EVERYTHING POSSIBLE TO RUN NATO INTO THE FOURTH NUCLEAR POWER.

"THE RESULT WILL BE THAT WASHINGTON'S EUROPEAN PARTNERS WILL RECEIVE ATOMIC SUBMARINES EQUIPPED WITH BALLISTIC MISSILES AND AN ADDITIONAL 100 OR SO POLARIS MISSILES WITH NUCLEAR WARHEADS. THEY WILL PAY HEAVILY FOR THIS," THE BROADCASTER SAID.

A135 PS8[illegible]

PARIS, DEC. 17 (AP)-THOMAS S. GAT[illegible] U.S. SECRETARY OF DEFENSE, SIGNED AN AGREEMENT TODAY WITH FOUR WEST EUROPEAN COUNTRIES TO PRODUCE "SEVERAL HUNDRED" SINGLE-SEATER JET STARFIGHTERS IN EUROPE BETWEEN 1961 AND 1965.

THE AGREEMENT WAS MADE WITH THE DEFENSE MINISTERS OF WEST GERMANY, BELGIUM, ITALY AND THE NETHERLANDS. IT WAS SIGNED IN THE OFFICE OF THE WEST GERMAN DELEGATION TO THE MINISTERIAL MEETING OF THE NORTH ATLANTIC ALLIANCE. PRODUCTION IS TO START NEXT YEAR.

A STATEMENT BY THE FIVE MINISTERS SAID THE PLANE, KNOWN AS THE F104G, WAS CHOSEN BY THE COUNTRIES THEMSELVES AND MEETS NATO REQUIREMENTS. IT ADDED THAT THE UNITED STATES WOULD HELP THE NETHERLANDS, BELGIUM AND ITALY--WEST GERMANY WAS NOT MENTIONED--BY DELIVERING PARTS, WHICH WOULD THEN BE ASSEMBLED IN EUROPE.

JG849PES

A124WX

(250) DEFENSE BUYING

WASHINGTON, DEC. 17 (AP)-THE DEFENSE DEPARTMENT ESTIMATED TODAY IT CAN CUT OUT AT LEAST $65 MILLION WORTH OF A PLANNED $125 MILLION OVERSEAS BUYING PROGRAM AS PART OF THE ADMINISTRATION'S PLAN TO REDUCE THE OUTFLOW OF GOLD DOLLARS.

THE THREE ARMED SERVICES WERE TOLD WHAT SHARE EACH MUST BEAR IN THE REDUCTION TO BE MADE IN PROCUREMENT OUTSIDE THE U.S., ITS POSSESSIONS AND PUERTO RICO.

THE BUY AMERICAN ORDER IS ONE OF A NUMBER OF MEASURES, INCLUDING A CUT-DOWN ON MILITARY DEPENDENTS ABROAD, INTENDED TO REDUCE A NET OUTFLOW OF DOLLARS FROM THIS COUNTRY. THE GOVERNMENT HAS BECOME CONCERNED OVER THE DRAIN ON THE U.S. GOLD RESERVE.

THE ANNOUNCEMENT SAID A PRELIMINARY SURVEY INDICATED THAT ABOUT $125 MILLION IN OVERSEAS PURCHASES HAD BEEN PLANNED. STUDIES BY EACH SERVICE CONCLUDED THAT A "MINIMUM AMOUNT OF $65 MILLION IS INDICATED FOR RETURN TO THE UNITED STATES."

THE DEPARTMENT SAID A GREATER REDUCTION MIGHT BE ACCOMPLISHED "THROUGH A VIGOROUS APPROACH AT SOLVING THIS MATTER AND BY APPLICATION" OF SUGGESTIONS CONTAINED IN THE ORDER.

THE REDUCTIONS WERE ORDERED FOR THE ARMED FORCES AS FOLLOWS: ARMY $52 MILLION; NAVY $2 MILLION; AIR FORCE $11 MILLION.

THE PENTAGON ORDERED THAT NO FURTHER CONSTRUCTION CONTRACTS FOR FAMILY HOUSING AND RELATED FACILITIES BE AWARDED UNLESS SPECIFICALLY APPROVED. CONTRACTS ALREADY LET "WILL BE CONSIDERED FOR CANCELLATION," THE DEPARTMENT SAID.

IT ALSO ORDERED REVIEW OF FUTURE RESEARCH AND DEVELOPMENT PROGRAMS TO DETERMINE WHETHER U.S. FIRMS MIGHT BE QUALIFIED TO DO THE WORK.

EXISTING SUPPLY AND SERVICE CONTRACTS "FOR SUBSTANTIAL AMOUNTS" WILL BE STUDIED FOR POSSIBLE TERMINATION IN CASES WHERE CHARGES, PLUS THE COST OF REPURCHASE IN THE U.S., WOULD BE WITHIN A 25 PER CENT COST DIFFERENTIAL.

THE DEPARTMENT EXCLUDED FROM THE TERMS OF TODAY'S ORDER SPENDING UNDER THE MILITARY ASSISTANCE APPROPRIATION AND PURCHASES OF CANADIAN, KOREAN AND OKINAWAN SUPPLIES AND SERVICES.

PURCHASE OF PETROLEUM PRODUCTS WILL BE COVERED BY A SEPARATE MEMORANDUM.

THE DEPARTMENT SAID THAT IN ADDITION TO THE SPECIFIED REDUCTIONS, REQUIREMENTS OF THE SERVICES SHOULD BE REVIEWED TO DETERMINE WHERE AMERICAN-PRODUCED GOODS COULD BE USED.

THE ORDER EXEMPTS FROM THE LIMITATIONS EMERGENCY PURCHASES, PURCHASES UNDER $1,000, PERISHABLE ITEMS, SUPPLIES AND SERVICES AVAILABLE ONLY FROM FOREIGN SOURCES, PURCHASES MADE WITH EXCESS FOREIGN MONEY HELD BY THE U.S. TREASURY AND SUPPLIES AND SERVICES WHICH ARE COVERED BY A TREATY OR EXECUTIVE AGREEMENT.

JC1052AES NM

A132

(150)

CAIRO, DEC. 17 (AP)-FATHER DOMINIQUE PIRE, THE ROMAN CATHOLIC NOBEL PRIZE WINNING PRIEST, SAID TODAY HE WANTS TO BUILD A BRIDGE BETWEEN THE EAST AND WEST THROUGH UNDERSTANDING AND LOVE.

AT A NEWS CONFERENCE AT THE ARAB LEAGUE'S OFFICES, FATHER PIRE SAID: "I KNOW IT IS VERY DIFFICULT AND IT IS A NAIVE DREAM, BUT I ALREADY HAVE A PROJECT IN MY MIND WHICH I CANNOT DIVULGE."

FATHER PIRE, WHO IS HERE ON A WEEK'S VISIT AS PART OF A TRIP THROUGH MIDDLE EAST AND ASIAN COUNTRIES, HAS ALREADY TOURED PALESTINIAN REFUGEES CAMPS IN THE GAZA STRIP. HE WAS AWARDED THE NOBEL PEACE PRIZE FOR HIS WORK WITH REFUGEES.

HE SAID THE DESIRE OF ALL REFUGEES ALL OVER THE WORLD TO RETURN TO THEIR LOST COUNTRIES WAS LEGITIMATE AND UNDERSTANDABLE. BUT HE ADDED: "CENTURIES WILL GO BY BEFORE THE EXODUS WILL HAVE COME TO AN END ON EARTH."

"I TOOK THE NOBEL PRIZE BECAUSE OF WHAT I AM GOING TO DO AND NOT FOR WHAT I HAVE ALREADY DONE," HE SAID.

JG844PES

A57WX (CQ)

U R G E N T

AIRMEN

WASHINGTON, DEC. 17 (AP)-THE UNITED STATES MADE A NEW DEMAND ON RUSSIA TODAY FOR THE RELEASE OF TWO AMERICAN AIRMEN HELD SINCE EARLY JULY WHEN THEIR RB47 PLANE WENT DOWN OVER THE BARENTS SEA.

THE DEMAND WAS MADE IN A MEETING HELD BY DEPUTY UNDER SECRETARY OF STATE RAYMOND A. HARE WITH SOVIET AMBASSADOR MIKHAIL MENSHIKOV.

A STATE DEPARTMENT SPOKESMAN SAID HARE "EMPHASIZED OUR DEEP CONCERN OVER THE SOVIET GOVERNMENT'S CONTINUING DETENTION OF THE TWO RB47 CREW MEMBERS."

HARE ALSO TOLD THE RUSSIAN ENVOY, THE SPOKESMAN SAID, "HOW IMPORTANT IT IS TO THE RELATIONS BETWEEN OUR TWO COUNTRIES THAT THESE MEN BE PROMPTLY RELEASED."

THE TWO ARE CAPTS. FREEMAN B. OLMSTEAD OF ELMIRA, N.Y. AND JOHN R. MCKONE OF TONGANOXIE, KAN.

IN ELMIRA, OLMSTEAD'S WIFE SAID THE NEW DEMAND WAS NEWS TO HER AND DESCRIBED IT AS "VERY ENCOURAGING."

"IT'S SOME ACTION, AND THAT'S WHAT WE WANT," SHE SAID.

SHE SAID HER HUSBAND HAD GIVEN NO INDICATION THAT HE EXPECTS TO BE RELEASED IN HIS LAST LETTER, WHICH THE FAMILY RECEIVED EARLIER THIS MONTH. THE FLIER SAID HE WAS BEING TREATED FOR A SPINAL INJURY HE SUFFERED WHEN HE LEFT THE JET BOMBER.

TA619PES

A159

(150)

POUND, VA., DEC. 17 (AP)-THE FATHER OF IMPRISONED AMERICAN U2 PILOT FRANCIS GARY POWERS SAYS HIS SON IS SPENDING HIS DAYS IN RUSSIA MAKING ENVELOPES.

OLIVER W. POWERS OF POUND, IN AN INTERVIEW PUBLISHED TODAY BY A ROANOKE NEWSPAPER, THE WORLD-NEWS TALKED GUARDEDLY OF WHAT HIS SON HAS WRITTEN ABOUT LIFE IN A SOVIET PRISON.

BUT, THE ELDER POWERS SAID, THE FORMER $2,500-A-MONTH PILOT FOR THE CENTRAL INTELLIGENCE AGENCY IS EMPLOYED MAKING ENVELOPES IN A PRISON AT VLADIMIR, "NOT TOO NEAR MOSCOW."

YOUNG POWERS MADE INTERNATIONAL NEWS LAST MAY WHEN HIS U2 CRASHED ABOUT 1,400 MILES INSIDE THE SOVIET UNION AFFTER HAVING BEEN HIT BY ROCKETS, ACCORDING TO THE REDS.

HE WAS TRIED IN MOSCOW IN AUGUST AND GIVEN A 10-YEAR SENTENCE, IMMEDIATELY MODIFIED BY THE COURT TO THREE YEARS IN PRISON AND THE REST COVERED BY THE WORDS "DEPRIVATION OF LIBERTY."

THE ELDER POWERS SAID HIS SON IS STUDYING RUSSIAN AND IS PERMITTED ABOUT ONE HOURS EXERCISE A DAY.

"VLADIMIR IS AN AREA WHERE THERE ARE FACTORIES, AS I GET IT," HIS FATHER SAID, "AND HE WORKS INSIDE.

WH1101PES